Electronic fund transfer to speed up remittance of funds

650. SHRIMATI AMBIKA SONI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Reserve Bank of India has asked banks to increase the use of facilities like electronic funds transfer and Infinet to speed up transfer of funds between banks across cities;

(b) if so, whether this move was in response to complaints received from stock brokers that remittance of funds at the branches of several public sector banks take longer than other private banks; and

(c) if so, to what extent these order from RBI have been implemented by the banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) and (b) Yes, Sir. This move was aimed at quick funds transfer facilities for customers of all banks; it would also facilitate in quick funds settlement in the context of the introduction of rolling settlements by the Stock Exchanges of the country. However, no complaints from stock brokers were received by Reserve Bank of India in this regard.

(c) Many banks have started using the scheme to a large extent and volumes of usage have been growing substantially. A few banks such as ICICI Bank, ABN Amro bank, Andhra Bank and Corporation Bank have integrated their funds transfer scheme with the RBI-EFT Scheme.

Pending cases with Debt Recovery Tribunal

651. SHRI MOOLCHAND MEENA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether as many as 5,780 cases involving an amount of Rs. 8,014.63 crores are pending with Debt Recovery Tribunal as on March 31,2002;

(b) if so, what are the reasons therefor;

(c) what steps are being taken by Government to dispose off the pending cases; and

(d) by when all the pending cases will be cleared?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) Debts Recovery Tribunals (DRTs) have reported that 33,595 cases involving an amount of Rs. 90,110 crores are pending with DRTs as on 31.3.2002.

(b) to (d) Initially in several cases, Writ Petitions were filed in several High Courts challenging the validity of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (DRT Act). In fact Delhi High Court had allowed the Writ Petition, thereby slowing down the disposal of cases. Later, Government of India went in appeal to Supreme Court and got transferred the pending Writ Petitions from High Courts to Supreme Court which vide its order dated 14th March, 2002 has declared that the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (DRT Act) is a valid piece of legislation. Besides, upholding the validity of the Act, the judgement has also laid down that before moving to a High Court under Article 226 and 227 of the Constitution of India, the parties should move before the Authority under the Act. This will take care of the tendency on the part of borrowers to move to a High Court directly against any interim order pased by a DRT by-passing the Debts Recovery Appellate Tribunal (DRAT). This is a major development towards fast recovery of dues of Banks and Financial Institutions.

Initially. 10 DRTs and one DRAT were set up in the country. Keeping in view the increased workload on each DRT, Government decided to set up more DRTs and as such, at present 29 DRTs and 5 DRATs are functioning in the Country. To make the DRTs more effective, the DRT Act was amended in 2000 to further empower the DRTs for speedy disposal of cases and speedy recovery of dues. Measures such as raising the number of employees per DRT and delegating administrative and financial powers to Presiding Officers were also taken to improve the functioning of DRTs. The performance of DRTs is being monitored on continuous basis by the Government and steps are being taken from time to time to remove the legal, infrastructural and other hurdles in the way of smooth functioning of the DRTs.

DRTs/DARTs have been set up under the DRT Act with a view to recover the dues to Banks/Financial Institutions on a continuous basis since default in payments by borrowers cannot be completely ruled out in future.